United Nations A/C.5/55/SR.48

General Assembly
Fifty-fifth session
Official Records

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Fifth Committee

Summary record of the 48th meeting
Held at Headquarters, New York, on Monday, 19 March 2001 at 10 a.m.

Chairman: Mr. Kelapile (Vice-Chairman) ..... (Botswana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 123: Human resources management (*continued*)

Gratis personnel

Agenda item 138: Financing of the United Nations peacekeeping forces in the Middle East (*continued*)

(b) United Nations Interim Force in Lebanon (*continued*)

Agenda item 176: Financing of the United Nations Mission in Ethiopia and Eritrea

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01-29281 (E)

In the absence of Mr. Rosenthal (Guatemala), Mr. Kelapile (Botswana), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations *(continued)*

Agenda item 123: Human resources management *(continued)*

Gratis personnel (A/55/728; A/C.5/55/13 and A/C.5/55/36)

1. **Mr. Beissel** (Director, Operational Services Division) said that the documents before the Committee contained three quarterly reports of the Secretary-General on the use of gratis personnel, covering the three quarters from 1 April 2000 to 31 December 2000, as well an annual report covering the period from 1 October 1999 to 30 September 2000. The most recent quarterly report showed that only two type II gratis personnel remained employed by the Organization and their contracts would be allowed to continue until they expired.

2. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee recommended that the Committee should take note of the reports of the Secretary-General.

Agenda item 138: Financing of the United Nations peacekeeping forces in the Middle East *(continued)*

(b) United Nations Interim Force in Lebanon *(continued)* (A/55/482/Add.1)

3. **Mr. Yeo** (Director, Peacekeeping Financing Division) said that document A/55/482/Add.1 contained a second revised budget for the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 2000 to 30 June 2001. The new revision of the first revised budget adopted in General Assembly resolution 55/180 of 19 December 2000 was occasioned by the fact that some contingents would, as it turned out, not be deployed. The budget had therefore been reduced by $26,437,900 to $207,154,194 and 31 posts had been suppressed. He pointed out that such a revision would normally not be submitted to the Committee at the current stage; the revised amounts would usually simply be reflected in the performance report. In the present case, however, a revised budget had exceptionally been prepared and submitted in response to concerns raised by a number of delegations, mainly in connection with the assessments relating to the mission. He noted that the action to be taken by the General Assembly was set out in paragraph 9 of the report.

4. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee agreed with the proposals of the Secretary-General as outlined in paragraph 9 of the report. He pointed out that the Fifth Committee would be reviewing all peacekeeping operations in May and that action by it on the matter could be deferred until that review. He noted that the Security Council had renewed the mission of UNIFIL to 31 July 2001 and that the Secretary-General would probably inform the General Assembly about assessments at its next session.

5. **Mr. Diab** (Lebanon) proposed that consideration of the matter should be deferred until May, as the budget might be revised again with a new extension of the mission's mandate.

6. **Mr. Yeo** (Director, Peacekeeping Financing Division) said that it would be technically possible for the Committee to defer action on the matter until May. If the Committee took action now, the Secretariat would be able to revise the assessments sooner.

7. **Mr. Mirmohammad** (Islamic Republic of Iran) said that, bearing in mind the technical clarifications offered by the Chairman of the Advisory Committee on Administrative and Budgetary Questions and the representative of the Secretariat, he supported the proposal made by the representative of Lebanon to defer consideration of the matter.

8. **Mr. Diab** (Lebanon) pointed out that the information provided by the Chairman of the Advisory Committee on Administrative and Budgetary Questions and the representative of the Secretariat indicated that there were no financial implications involved in postponing consideration of the matter.

9. **Mr. Al-Abbi** (United Arab Emirates), speaking on behalf of the Group of Arab States, said that his Group had no objection to the request made by the representative of Lebanon, although he had some

concern about what changes in the situation might occur from the present until May.

10. **Mr. Lenefors** (Sweden) requested more information about the financial implications of postponing action on the matter.

11. **Mr. Yeo** (Director, Peacekeeping Financing Division) said that, owing to the deployment changes, the budget resources for UNIFIL had already been reduced to the level indicated in the report. The main concern at present was the assessments for the current year. If the issue was deferred, there would still be sufficient funds to maintain the mission at the current level, and the new assessments would be worked out when the Committee took action on the matter.

12. **The Chairman** said that, if there were no objections, he would take it that the Committee wished to adopt the proposal made by the representative of Lebanon to defer action on the matter.

13. *It was so decided.*

Agenda item 176: Financing of the United Nations Mission in Ethiopia and Eritrea (A/55/666 and Corr.1 and Add.1, A/55/688 and Add.1)

14. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the Advisory Committee's reports (A/55/688 and Add.1) on the Secretary-General's proposals for the financing of the United Nations Mission in Ethiopia and Eritrea (UNMEE). In its first report (A/55/688) the Advisory Committee had, on the basis of the Secretary-General's initial estimates (A/55/666), recommended the assessment and commitment of $150 million gross for the mission. A careful review of the Secretary-General's revised estimates (A/55/666/Add.1) had led the Advisory Committee to revise those estimates downwards by 6 per cent and to recommend in its second report (A/55/688/Add.1) the commitment and assessment by the General Assembly of an additional $30 million gross for the mission. The Advisory Committee's report also contained a number of observations for the Secretariat that it hoped would be taken into account in preparing the next estimates.

15. **Mr. Lenefors** (Sweden), speaking on behalf of the European Union, the associated countries Bulgaria, the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Malta, Poland, Romania, Slovakia and Slovenia, and the EFTA country Iceland, said that the European Union remained strongly committed to the maintenance and promotion of international peace and security, which was the primary role of the United Nations. In that connection the European Union and associated countries had made considerable contributions to peacekeeping operations every year. It was therefore of the utmost importance that the most effective administrative and budgetary arrangements be made for peacekeeping operations. The Secretariat must have the resources and capabilities needed to carry out the mandates assigned by Member States.

16. The European Union welcomed the clarifications of the structure of the United Nations Mission in Ethiopia and Eritrea (UNMEE) and the Secretary-General's intention to review, in the light of experience, the operations of the various political offices. The Union shared the Advisory Committee's concern regarding the need to ensure the presence of qualified personnel to implement all the requirements of the contingent-owned equipment reimbursement procedures and regarding the difficulties of recruiting qualified civilian personnel in a timely manner. The Union also agreed with the Advisory Committee's suggestion that greater use should be made of United Nations Volunteers and the recommendation that the General Assembly should approve a commitment and assessment of $180 million, inclusive of the $150 million already approved in General Assembly resolution 55/237.

17. **Mr. Manczyk** (Poland) said that Poland attached great importance to United Nations peacekeeping operations and had long been an important troop-contributing country. Peacekeeping operations needed timely and effective administrative support to strengthen the Organization's capacity for planning and management. The mission structure of UNMEE, as reflected in the Secretary-General's report (A/55/666/Add.1), was clearly still a matter of concern, both to the Secretary-General and to the Polish delegation, and further streamlining was still needed. His delegation therefore welcomed the intention of the Secretary-General to review the components of the mission and hoped that the new structure would be reflected in the next set of estimates. He shared the Advisory Committee's concern with regard to the contingent-owned equipment verification arrangements and agreed that it was important to ensure the availability of qualified personnel to implement the

reimbursement procedures related to those arrangements. He agreed, in connection with the difficulties in recruiting qualified civilian personnel, that greater use should be made of United Nations Volunteers, especially in the fields of human rights and public information. With regard to operational requirements for the mission, he agreed that the request for land and air support was justified.

18. **Ms. Merchant** (Norway) said that peacekeeping was a core task of the United Nations. Norway remained committed to supporting United Nations peacekeeping missions and had contributed to many trust funds established over the years in connection with such missions. The peace agreement between Ethiopia and Eritrea was a most significant achievement and her delegation welcomed the swift and efficient deployment effected by UNMEE and the troop-contributing countries so far. In connection with the Advisory Committee's request for further clarification on the structure of the mission, Norway welcomed the Secretary-General's intention to review, in the light of experience, the operation of the various political offices referred to in his report (A/55/666).

19. Stressing the close relationship between UNMEE and the Boundary Commission established under the peace agreement and the fact that termination of the mission's work required completion of the delimitation and demarcation of the Ethiopian-Eritrean border, she urged the speedy establishment of the Commission and the start-up of its work as a cost-effective use of resources. Norway agreed with the Advisory Committee that the Civil/Military Coordination Centre would be a useful forum and strengthen collaboration among all participants in the mission concerning matters of staff security. Norway also strongly supported the establishment of a mine action centre and had contributed $474,174 to support UNMEE mine-clearing activities. Her delegation also shared the Advisory Committee's concern regarding the difficulties in recruiting qualified civilian personnel and agreed that the mission should explore opportunities to make greater use of United Nations Volunteers. Norway concurred with the Advisory Committee's recommendation to approve the appropriation and assessment of $180 million for the period 1 July 2000 to 30 June 2001, inclusive of the commitment authority of $150 million gross already approved by the General Assembly in resolution 55/237.

The meeting rose at 10.50 a.m.

United Nations A/C.5/55/SR.49

General Assembly
Fifty-fifth session

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Distr.: General
29 March 2001

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Fifth Committee

Summary record of the 49th meeting
Held at Headquarters, New York, on Tuesday, 20 March 2001, at 10 a.m.

Chairman: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 123: Human resources management (*continued*)

Gratis personnel provided by Governments and other entities (*continued*)

Agenda item 115: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Review of the question of the term of office of the Board of Auditors

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01-29498 (E)

The meeting was called to order at 10.15 a.m.

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 123: Human resources management (*continued*)

Gratis personnel provided by Governments and other entities (*continued*) (A/55/728; A/C.5/55/13 and A/C.5/55/36)

1. **Mr. Dugan** (United States of America) said that, since type II gratis personnel were to be phased out by August 2001, the Committee should recommend to the General Assembly that the submission by the Secretary-General of quarterly reports on the use of gratis personnel should cease. It would be sufficient for the Secretary-General to report annually thereon.

2. **The Chairman** suggested that the Secretariat should prepare a draft decision for consideration by the Committee in which the Committee would recommend to the General Assembly that it should take note of the three reports of the Secretary-General on the use of gratis personnel provided by Governments and other entities contained in documents A/55/728, A/C.5/55/13 and A/C.5/55/36.

3. *It was so decided.*

Agenda item 115: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/55/5/Add.1, A/55/5/Add.7, A/55/5/Add.9, A/55/487, A/55/820 and A/55/836)

4. **Mr. Carague** (Chairman of the Board of Auditors) introduced the comments of the Board of Auditors on measures taken by the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations International Drug Control Programme (UNDCP) towards removing the reasons that had led to the qualified audit opinion on their financial statements for the biennium ended 31 December 1999, as contained in the note by the Secretary-General before the Committee (A/55/820). He recalled that the Board had qualified its audit opinion on the financial statements in question owing to the incomplete submission of audit reports in respect of national execution projects and, in the case of UNDP, unreconciled bank balances. The General Assembly had decided, in its resolution 55/220, to defer action on the financial statements pending certification by the Board that satisfactory progress was being made towards removing the reasons for the qualified opinions and to revert to the matter at its resumed fifty-fifth session.

5. Regarding national execution projects, all three organizations had drawn up plans to address the problems identified. The steps envisaged included continued efforts to obtain audit reports in respect of the biennium 1998-1999; setting of targets to secure audit reports covering up to 95 per cent of expenditures incurred through governmental and non-governmental organizations; greater focus by senior management on poorly managed projects and those with large expenditures; and increased use of private audit firms where government auditors did not have the capacity to conduct audits. Between the date of the audit opinion and 31 January 2001, additional audit reports had been obtained in respect of $569.8 million, or 37.2 per cent of the outstanding amount of $1.5 billion not covered by previous audit reports.

6. The Board was satisfied that, in principle, the plans developed by the three organizations provided an adequate basis, at the current time, for improving the extent to which national execution expenditure was covered by audit reports. If implemented, those plans should result in steady and significant progress over coming financial periods towards removing the reasons that had led to the qualified audit opinions. However, the Board also recognized that the underlying problem needed the close cooperation of implementing partners if it was to be fully and satisfactorily resolved. As to the unreconciled bank balances, UNDP had informed the Board that it had reconciled and resolved $10.4 million of the unreconciled amount of $11.1 million reported in the Board's report.

7. Noting that the Committee would be reviewing the term of office of the Board of Auditors, he said that the Board wished to reaffirm its preference for a six-year term of office, which would allow for the synchronization of the Board's appointment with the financial reporting cycle. It looked forward to the early resolution of the issue, which had been before the General Assembly since 1994.

8. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the

Advisory Committee (A/55/836), said that the Advisory Committee welcomed the plans drawn up by the three organizations to address the problems identified by the Board of Auditors, as well as the progress made in obtaining additional audit reports in respect of national execution expenditure. At the same time, it recommended that the organizations should pay close attention to the reports received. The Advisory Committee, along with the Board, would be following up on the steps taken towards removing the reasons for the qualified audit opinions. In the meantime, it would make no objection to the approval by the General Assembly of the financial statements of the three organizations for the biennium ended 31 December 1999.

9. **Mr. Nesser** (Sweden), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, and, in addition, Norway, said, with reference to the note by the Secretary-General conveying the comments of the Board of Auditors on measures taken by UNDP, UNFPA and UNDCP towards removing the reasons that had led to the qualified audit opinion on their financial statements for the biennium ended 31 December 1999 (A/55/820) and the related report of the Advisory Committee (A/55/836), that, in the light of the comments and recommendations made in those documents, the European Union would make no objection to the approval of the financial statements in question. However, it urged the three organizations to adhere strictly to the plans they had drawn up with a view to correcting the situation. It fully endorsed the comments of the Advisory Committee in its previous report on the matter (A/55/487) concerning the seriousness of matters that led to a qualified audit opinion and the important effect on operations and funding that such an opinion could have. The European Union trusted that the three organizations would take the necessary steps to prevent the problems identified from recurring, beginning with their financial statements for the biennium 2000-2001.

10. **Mr. Repasch** (United States of America) expressed satisfaction that steps were being taken to address the problems highlighted by the Board. He wondered, however, whether those steps could be regarded as serious efforts to prevent those problems from recurring, or whether they were merely quick fixes. Noting that the United Nations Fund for International Partnerships (UNFIP) had, in response to the comments of the Board of Auditors, introduced a sunset clause whereby funding of projects would be withdrawn if a project document was not submitted to UNFIP for signature within 120 days of Board approval of the project, he asked whether it would be viable to introduce such a provision in respect of national execution projects. That would provide a strong incentive to governmental and non-governmental organizations to submit the necessary documentation.

11. **Mr. Carague** (Chairman of the Board of Auditors) said that the steps taken by the three organizations had both short- and long-term objectives, since they were aimed both at removing the reasons that had led to the qualified audit opinions and at avoiding the recurrence of those problems. He would address the issue of sunset clauses in informal consultations.

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Review of the question of the term of office of the Board of Auditors (A/55/796)

12. **Mr. Connor** (Under-Secretary-General for Management), introducing the report of the Secretary-General on the review of the question of the term of office of the Board of Auditors (A/55/796), said that the report had been submitted pursuant to paragraph 8 of General Assembly resolution 55/220. He recalled that, in its resolution 48/216 D, the General Assembly had invited the Board to report to it at its forty-ninth session, through the Advisory Committee, on the implications of extending the term of office of members of the Board to four or six years. The Board's comments thereon were contained in document A/49/368 and Corr.1. The Board had expressed a preference for a six-year term of office, so that the appointment of its members would be synchronized with the financial reporting cycle. The report before the Committee illustrated various approaches that could be taken should the General Assembly decide to change the duration of the term of office of the members of the Board, as well as outlining the benefits of a six-year term.

13. **Mr. Nesser** (Sweden), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, and, in addition, Norway, said that the report of the Secretary-General on the review of the question of the term of office of the Board of Auditors (A/55/796) was a useful basis for discussion, but required clarifications in certain areas before a decision could be taken.

14. **Mr. Repasch** (United States of America) expressed the hope that the report of the Secretary-General would facilitate the resolution, by the end of the current session of the General Assembly, of the long-standing issue of the term of office of the Board of Auditors. His delegation believed that it was important to synchronize the terms of office of the Board's members with the financial reporting cycle, but it had no position on the various alternatives presented in the report and was prepared to be flexible.

15. **Mr. Orr** (Canada) said that the resolution of the question of the term of office of the Board of Auditors was long overdue. Currently, one of the members of the Board had to step down in the middle of each biennial audit cycle. Where that member was not re-elected to the Board, the work of the Board on the audits of the financial statements was seriously disrupted, which was a cause for concern. The terms of office of the Board's members should be synchronized with the financial reporting cycle. His delegation would favour a six-year term of office. As to the transitional arrangements suggested in the report, it considered that alternative 2 would be easier to implement.

The meeting rose at 10.55 a.m.

United Nations A/C.5/55/SR.50

General Assembly
Fifty-fifth session

Official Records

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28 March 2001

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Fifth Committee

Summary record of the 50th meeting
Held at Headquarters, New York, on Thursday, 22 March 2001, at 10 a.m.

Chairman: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 119: Improving the financial situation of the United Nations (*continued*)

Agenda item 115: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 123: Human resources management (*continued*)

Gratis personnel provided by Governments and other entities (*continued*)

Agenda item 120: Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency (*continued*)

Agenda item 127: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*)

Agenda item 176: Financing of the United Nations Mission in Ethiopia and Eritrea (*continued*)

Agenda item 117: Programme budget for the biennium 2000-2001 (*continued*)

Programme budget implications of draft resolution A/55/L.80 concerning agenda item 12

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01-30036 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 119: Improving the financial situation of the United Nations (*continued*)

Statement by the Under-Secretary-General for Management

1. **Mr. Connor** (Under-Secretary-General for Management) presented the Secretary-General's statement on the financial situation of the United Nations. A number of important initiatives had been undertaken in 2000, including a thorough assessment of the Organization's capacity to support peacekeeping missions effectively; a comprehensive staff security assessment and a remedial plan; a capital master plan, prepared at the request of Member States, to refurbish the ageing Headquarters complex; a framework for an information technology strategy; and a proposal for a broad-based reform of human resources management. However, none of those activities could be successful or sustainable without an adequate financial footing, which, in turn, was defined in terms of three components: cash on hand, the levels and payment of assessed contributions and the debt owed to Member States. In his previous presentation to the Committee, on 17 October 2000, he had indicated that 1999 had been a good year financially. However, in 2000, all three components of the Organization's financial position had deteriorated. The level of cash on hand at the end of 2000, at $1 billion, had been about $100 million lower than its 1999 level. Unpaid assessments at the end of 2000, at $2.2 billion, had exceeded the levels of the past four years and had represented a $500-million increase over the 1999 level. The outstanding debt owed to Member States for troops and contingent-owned equipment had risen to $917 million, exceeding the levels of the past four years.

2. The aggregate level of cash on hand at the end of 2000, at $1.006 billion, had been lower than the 1999 level of $1.093 billion, but had nevertheless been far better than the levels experienced in the years before 1999. That amount included $940 million for peacekeeping operations and the two International Tribunals and $66 million for the regular budget. Over the past six years, cash levels for peacekeeping and the Tribunals had been consistently positive, while those for the regular budget had been negative for four of those years. That had resulted in a comparatively low aggregate cash level of around $700 million in 1995, 1996, 1997 and 1998, which had reflected the practice of cross-borrowing from the peacekeeping account to offset the deficit in the regular-budget account. In 1999 and 2000, the United States had paid the full amount of its assessed contributions for the regular budget for those years, although in both cases the payments had been made very late in the year. That had eliminated the need for cross-borrowing. Thus, at the end of 2000, the cash balance, while lower than its 1999 level, had still been positive.

3. The level of assessed contributions decided by the Member States was the best indicator of the extent of the services which the Organization was being asked to provide. The aggregate assessment level of $3.4 billion for 2000 had approached the peak levels reached in 1994 and 1995 and had far exceeded the 1999 level of $2.064 billion. That amount comprised $1,089 million for the regular budget, which had remained constant since 1994; $166 million for the International Tribunals, which represented a slight increase over the 1999 level; and $2,154 million for peacekeeping, which represented a dramatic increase over the 1999 level. That increase was primarily attributable to four large peacekeeping missions: the United Nations Mission in Sierra Leone (UNAMSIL), the United Nations Transitional Administration in East Timor (UNTAET), the United Nations Interim Administration Mission in Kosovo (UNMIK) and the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). All but one of those missions had had assessment levels of over $500 million, and most of them were expected to require still higher assessment levels in 2001.

4. In 2000, 141 Member States had paid all their regular-budget assessments in full, for 2000 and for all preceding years; that represented remarkable progress, which the Secretary-General highly appreciated. Another 27 Member States had still owed the equivalent of one year's assessment or less, and only 19 Member States had owed amounts in excess of one year's assessed contribution. The United States had owed $165 million, or 74 per cent, of the aggregate unpaid amount; Brazil had owed $22 million, or 10 per cent; Argentina had owed $12 million, or 5 per cent; and the other 43 Member States had owed some $23 million, or 11 per cent. Over the past three years, the level of regular-budget arrears had been nearly halved, from $417 million in 1998 to $222 million in 2000. The payment by the United States of its regular-budget

assessment before the end of the year had reduced its arrears by $151 million; he hoped that that trend would continue.

5. Assessed contributions for the International Tribunals had risen steadily. In 2000, about one fourth of the amount assessed had not been paid. At the end of 1998, 1999 and 2000, unpaid assessments for the Tribunals had amounted to $20 million, $32 million and $47 million, respectively. In 2000, for the first time, that shortfall had made it necessary to resort to cross-borrowing. At the end of 2000, 106 Member States had had unpaid Tribunal assessments, with the United States, the Russian Federation and France each accounting for about 25 per cent of the total amount outstanding. Brazil had owed 11 per cent and Argentina, 2 per cent, while the remaining 101 Member States had owed 11 per cent. However, he was pleased to report that, early in 2001, France had paid the full amount of its unpaid assessment for 2000 and the United States had paid its prior years' contributions, along with a partial payment for 2001.

6. Peacekeeping arrears, at the end of 2000, had amounted to $1.989 billion, of which the United States had owed $1.144 billion, or 58 per cent, and five other Member States had owed 33 per cent; 168 other Member States had owed the remaining 9 per cent. The peacekeeping arrears of the United States and Japan had increased markedly by the end of 2000, but several other Member States, particularly the Russian Federation, had made significant efforts to pay their long-standing debts. Early in 2001, France had paid a substantial portion of its outstanding contributions for prior years. In addition, Japan had just paid $367 million, representing the full amount of its peacekeeping arrears as at 31 December 2000.

7. In sum, the aggregate level of arrears had increased in 2000, and the arrears were concentrated in a small group of Member States. Three Member States owed 89 per cent of outstanding regular-budget contributions, five Member States owed 89 per cent of outstanding International Tribunal contributions and six Member States owed 91 per cent of outstanding peacekeeping contributions. On the other hand, he was grateful to those Member States which had paid in full all three types of assessed contributions for all years: Australia, Canada, Finland, Grenada, Honduras, Kuwait, Liechtenstein, the Federated States of Micronesia, Monaco, Norway, Poland, the Republic of Korea, South Africa, Sweden and the United Kingdom.

8. With respect to the third component of the Organization's financial position, namely, its debt to Member States, the amount of debt and the amount which the Organization could afford to pay to Member States at a given time were very difficult to determine, since significant estimates, subject to changing evaluations, were required. In the course of the year 2000, the amount owed had risen from $800 million to $917 million, mostly for contingent-owned equipment, and payments of $91 million for 1999 obligations and $71 million for 1999 arrearage obligations had been made to Member States. However, actual obligations in 2000 had increased to $491 million, far outstripping the projected amount of $365 million. A downward revaluation had reduced the debt by some $47 million, and payments of $165 million had been made to Member States. Because no payments of peacekeeping arrears had been received in 2000, no additional amounts could be paid to Member States. However, the Organization's peacekeeping cash reserves would enable it to make an additional payment of $100 million against its obligations for 2000, comprising $66 million for troops and $34 million for contingent-owned equipment. That would reduce the debt to $817 million. The Secretary-General was disappointed that, for the first time in several years, he would be unable to pay in full to Member States the new obligations incurred during the current year. However, that decision had been necessary in view of the growing level of peacekeeping activity and the need for cash to sustain it. The Organization's debt was owed to 74 Member States; the largest amounts were owed to India, the United States, the Netherlands, the United Kingdom and Nigeria.

9. In view of the daunting challenges which the United Nations would face in 2001, assessed contributions must provide a firm foundation for its core responsibilities, yet collections thus far for the regular budget had been disappointing. In 2000, 64 Member States had paid their regular-budget contributions in full by the end of February; in 2001, only 54 had done so within the same time frame. Some $381 million had been received in the first two months of 2000, whereas only $299 million had been received in the first two months of 2001. That situation could be traced to a number of causes: the fact that some major contributors had delayed their payments until March; the effect of the decision to lower the ceiling rate to 22 per cent; and the reduction, by about $31 million, of the aggregate amount which Member States other than

the United States had been asked to pay, as a result of a promise by the United States to make an additional payment in that amount. The additional payment in question had not yet been received. However, a number of large regular-budget payments had been made in March, including $12 million from Belgium and $51 million from Italy. Japan, the United Kingdom and Germany had made large partial payments since January 2001.

10. In the period from 1995 to 1998, the Organization had faced critical regular-budget cash deficits in the second half of each year because the United States had waited until after 31 December to pay part of its regular-budget assessment for the calendar year. In 1999 and 2000, the level of early contributions from a large number of Member States had improved and the United States had paid substantially all of its regular-budget assessment before the end of the year. In 2001, that positive cash position in the regular budget was expected to continue but also to regress slightly. Receipts were expected to peak early in the year. The two largest contributors, namely, the United States and Japan, were not expected to pay the bulk of their regular-budget contributions until later in the year. As a result, periods of negative cash flow in the regular-budget account were expected, with a consequent need to cross-borrow from August onwards. The year was expected to end with a positive cash balance of $45 million, as compared to the balance of $66 million at the end of 2000. The frequency with which the amount of regular-budget cash fell below zero, and the need to cross-borrow, would be reduced if Member States paid their assessed contributions on time, accelerated their payments if they had previously paid late in the year and paid in full, in any event, by the end of the year.

11. For 2001, assessed contributions for peacekeeping operations were projected to increase to $2.6 billion, from $2.1 billion in 2000. Assessed contributions for two of the five major missions would be higher than in 2000. UNAMSIL would probably require the largest increase and could reach the level of $800 million. The other requirements were projected at $550 million for UNTAET, $450 million for UNMIK, $200 million for UNMEE and $144 million for the United Nations Mission in Bosnia and Herzegovina (UNMIBH). Because the requirements of MONUC would probably be substantially higher than in 2000, the overall projection of $2.6 billion could reach $3 billion. At the same time, the missions' cash balances could be adversely affected if payments of assessed contributions failed to keep pace with ongoing cash needs for mission expenses such as payroll and contractual liabilities, as well as government payments for letters of assist. The year-end cash balance for peacekeeping was expected to fall to $873 million.

12. Thus, the cash balances in both the regular-budget and peacekeeping accounts were expected to fall; the combined amount at the end of 2001 was projected at $942 million. Although that level was considered safe from the viewpoint of cash management, it would not be enough to put the Organization in a comfortable financial position.

13. With respect to the Organization's debt to Member States, payments delayed from 2000, in the amount of $100 million, were currently being effected. New obligations of $504 million for troops and contingent-owned equipment were anticipated for 2001. The Secretary-General was aware of the need to liquidate, in the year in which they were incurred, a high proportion of new obligations for troops and contingent-owned equipment. In 2001, he planned to pay $417 million to Member States in partial liquidation of the new obligations incurred. Unfortunately, however, that amount fell short of the projected $504 million in new obligations for that year. In view of the projected high level of obligations, the Secretary-General would have to be both conservative and prudent in deciding how much could be paid out to Member States. Those projections did not include adjustments arising from revaluations of equipment debt or debt payments from amounts that might be received in respect of arrears of assessed contributions for peacekeeping. Thus, unpaid debt to Member States was expected to reach $904 million by the end of 2001, which was only slightly less than the $917 million owed at the end of 2000.

14. That projection would be affected by the anticipated arrears payment by the United States. Although projections normally did not take into account prospective payments that did not follow a past payment pattern or had not been officially communicated to the Secretary-General, payment plans and schedules were sometimes requested from Member States that owed significant amounts. In reply to such a request, the Permanent Mission of the United States had recently informed the Secretary-General that an arrears payment of $582 million should be forthcoming in the near future. Once that payment had been

received, a large portion of it would be used immediately to pay certified claims from Member States for troops and contingent-owned equipment. Currently, certified claims amounted to about $400 million. The rest of the amount received from the United States would be paid out as quickly as possible after pending claims had been processed and certified. No part of the arrears payment from the United States would be diverted for any other purpose. Thus, the debt to Member States would be reduced to about $322 million. That would be a major financial event for both Member States and the Organization, since it would help redress the current situation in which one group of Member States financed the obligations of others and would remove a large amount of debt and some long-standing arrears from the Organization's balance sheet. It therefore appeared that a new degree of financial stability and liquidity was within reach in the year 2001.

Agenda item 115: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/C.5/55/L.44)

Draft resolution A/C.5/55/L.44

15. **Mr. Elgammal** (Egypt), introducing draft resolution A/C.5/55/L.44 on behalf of the Chairman, expressed the hope that it would be adopted by consensus.

16. *Draft resolution A/C.5/55/L.44 was adopted.*

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 123: Human resources management (*continued*)

Gratis personnel provided by Governments and other entities (*continued*) (A/C.5/55/L.45)

Draft decision A/C.5/55/L.45

17. **The Chairman** drew attention to draft decision A/C.5/55/L.45, which had been prepared by the Secretariat in accordance with the decision taken by the Committee at its 49th meeting.

18. *Draft decision A/C.5/55/L.45 was adopted.*

Agenda item 120: Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency (*continued*) (A/C.5/55/L.41)

Draft decision A/C.5/55/L.41

19. **The Chairman** drew attention to draft decision A/C.5/55/L.41, which had been prepared by the Secretariat in accordance with the decision taken by the Committee at its 46th meeting.

20. *Draft decision A/C.5/55/L.41 was adopted.*

Agenda item 127: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*) (A/C.5/55/L.42 and A/C.5/55/L.43)

Draft resolutions A/C.5/55/L.42 and A/C.5/55/L.43

21. **Ms. Merchant** (Norway), introducing draft resolutions A/C.5/55/L.42 and A/C.5/55/L.43 on behalf of the Chairman, said that draft resolution A/C.5/55/L.42 authorized the Secretary-General to enter into commitments in an amount not to exceed $5,280,900 gross for the resource requirements of the Tribunal to support ad litem judges for the year 2001. Draft resolution A/C.5/55/L.43 dealt with the conditions of service and compensation for the ad litem judges. She urged the adoption of the draft resolutions by consensus.

22. *Draft resolutions A/C.5/55/L.42 and A/C.5/55/L.43 were adopted.*

Agenda item 176: Financing of the United Nations Mission in Ethiopia and Eritrea (*continued*) (A/C.5/55/L.46)

Draft resolution A/C.5/55/L.46

23. **Mr. Kelapile** (Botswana), introducing draft resolution A/C.5/55/L.46, expressed the hope that it would be adopted by consensus.

24. *Draft resolution A/C.5/55/L.46 was adopted.*

Agenda item 117: Programme budget for the biennium 2000-2001 (*continued*)

Programme budget implications of draft resolution A/55/L.80 concerning agenda item 12 (A/55/L.80; A/C.5/55/41)

25. **The Chairman** drew attention to the statement of the programme budget implications of draft resolution A/55/L.80 concerning agenda item 12 submitted by the Secretary-General (A/C.5/55/41). He informed the Committee that the Advisory Committee on Administrative and Budgetary Questions had considered the statement of programme budget implications and recommended acceptance of the proposals contained therein.

26. **Mr. Repasch** (United States of America) said that it was not clear to his delegation why an amount of $29,600 would be required in the biennium 2000-2001 for the travel of up to five representatives of Senegal to attend the fifty-sixth session of the General Assembly, whereas in the biennium 2002-2003, only $27,400 would be needed to cover the travel of up to five representatives of that country to attend both the fifty-seventh and fifty-eighth sessions of the General Assembly. Those amounts were not consistent.

27. **Ms. Fletcher** (Office of Programme Planning, Budget and Accounts) said that, in fact, of the $29,600 required for the biennium 2000-2001, only $13,700 was needed to cover travel to the fifty-sixth session of the General Assembly. The balance of $15,900 was required for the travel of one representative of Senegal to attend three special sessions of the Assembly to be held in 2001, namely, the special session to review the achievement of the goals of the World Summit for Children, the special session for an overall review and appraisal of the implementation of the Habitat Agenda and the special session of the General Assembly on HIV/AIDS. In order to arrive at the estimated requirements for the biennium 2002-2003 for the travel of up to five representatives of Senegal to attend the fifty-seventh and fifty-eighth sessions of the General Assembly, which amounted to $27,400, the Secretariat had simply doubled the corresponding amount for the biennium 2000-2001. She noted that, in the penultimate line of paragraph 6 of the statement of programme budget implications, the word "session" should be pluralized.

28. **The Chairman** suggested that the Committee, in the light of those clarifications and on the basis of the recommendation of the Advisory Committee, should inform the General Assembly that, should it adopt draft resolution A/55/L.80, an additional appropriation in the amount of $29,600 would be required under section 1 (Overall policy-making, direction and coordination) of the programme budget for the biennium 2000-2001, in accordance with General Assembly resolutions 1798 (XVII) of 11 December 1962 and 41/213 of 19 December 1986, for the travel of up to five representatives of Senegal to attend the fifty-sixth session of the General Assembly and the travel of one representative or alternate representative of Senegal to attend the special sessions of the General Assembly in 2001, and that the requirements for 2002-2003, estimated at $27,400, for the travel of up to five representatives to attend the fifty-seventh and fifty-eighth sessions of the General Assembly, would be included in the proposed programme budget for the biennium 2002-2003.

29. *It was so decided.*

The meeting rose at 11.30 a.m.

United Nations A/C.5/55/SR.51

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Fifty-fifth session

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Summary record of the 51st meeting
Held at Headquarters, New York, on Friday, 23 March 2001, at 10 a.m.

Chairman: Ms. Dinić (Vice-Chairman) ..... (Croatia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 132: Financing of the United Nations Mission in Sierra Leone

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01-30272 (E)

In the absence of Mr. Rosenthal (Guatemala), Ms. Dinić (Croatia), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 132: Financing of the United Nations Mission in Sierra Leone (A/55/805 and Corr.1, A/55/839)

1. **Mr. Yeo** (Director, Peacekeeping Financing Division), introducing the report of the Secretary-General on the revised budget for the United Nations Mission in Sierra Leone (UNAMSIL) for the period from 1 July 2000 to 30 June 2001 (A/55/805 and Corr.1), said that by its resolution 54/241 B, based on the authorized strength of 11,100 military personnel, the General Assembly had appropriated $504.3 million gross for the maintenance of the Mission for the current period, inclusive of the cost of its prorated share for the support account and the United Nations Logistics Base at Brindisi. Subsequently, as a result of Security Council decisions, the Division had informed the Committee that for the period 1 July 2000 to 30 June 2001, pending the submission of the revised budget currently before the Committee, the additional costs associated with the expansion of the military component of UNAMSIL to a maximum of 13,000 personnel would be covered within the resources already approved. The revised budget amounted to $561.9 million gross, an increase of $85.2 million or 17.9 per cent in gross terms over the current approved appropriation.

2. The overall increase was attributable to the expansion of the Mission, with deployment of the additional 1,900 contingent personnel, along with 260 military observers and 60 civilian police advisers, supported by an increased civilian staffing establishment of 385 international and 601 local staff, as well as 92 United Nations Volunteers, and requirements for air operations, acquisition of prefabricated office containers, transportation, communications and other equipment. The overall increase also reflected the repatriation of two contingents and the induction of replacement troops.

3. The actions to be taken by the General Assembly were to approve additional financing for UNAMSIL of $85.2 million and to assess that amount.

4. **Mr. Mselle** (Chairman, Advisory Committee on Administrative and Budgetary Questions (ACABQ)), introducing the report of the Advisory Committee (A/55/839), said that approximately $361.6 million, or 55.3 per cent, of the revised estimates for UNAMSIL were for military costs to cover the requirements of 12,740 troops and 260 military observers. The military estimates were examined in paragraphs 9 to 21 of the report of the Advisory Committee. The latest report of the Secretary-General to the Security Council (S/2001/228) conveyed the possibility of increasing troop strength to 17,500. If the Security Council were to expand military strength, a separate submission would be made.

5. Subject to the observations it had made, the Advisory Committee agreed with the revised estimate for military costs. He drew attention to the comments on contingent-owned equipment and the difficulties UNAMSIL had experienced in applying wet lease arrangements.

6. Civilian personnel costs were examined in paragraphs 22 to 49 of the report. The Advisory Committee had made a number of recommendations which should be borne in mind when implementing the budget and preparing the next estimates. With respect to the post of Deputy Force Commander, it recommended that the decision on the method of funding should be deferred so as to enable the Secretariat to justify the proposed change when the UNAMSIL estimates for 2001-2002 were examined later in 2001. Accordingly, the Secretariat should continue to fund the position of Deputy Force Commander using the current method until the Advisory Committee reviewed a possible change in method.

7. The other comments of the Advisory Committee on travel, on the use of volunteers and on operational costs were contained in paragraphs 50 to 65 of its report, and its conclusions were found in paragraph 66. It recommended an appropriation of $550 million for the Mission for the period ending 30 June 2001, $73.3 million more than the current appropriation of $476.7 million which had already been assessed on Member States. The adjustment of the revised estimates was therefore about 2 per cent.

8. Initial peacekeeping budgets had consistently reported underexpenditures even after reductions recommended by ACABQ. The most recent examples were the missions in Kosovo and East Timor, where underexpenditures of 15 per cent and 17 per cent

respectively had been reported for the period ending 30 June 2000. The Advisory Committee expected that the experience might be repeated for UNAMSIL, as indicated in several paragraphs of its report. It therefore invited the General Assembly to consider assessing at the current stage an additional amount of $36.6 million, for a cumulative total assessment for the period ending 30 June 2001 of $513.4 million gross. The Secretary-General would have commitment authority of up to $550 million for mission needs and would report in September, on the basis of performance, whether the balance of $36.6 million should be assessed on Member States.

9. **Mr. Lenefors** (Sweden), speaking on behalf of the European Union, said that the situation in Sierra Leone constituted a real challenge to the United Nations and the international community. The European Union was grateful for the contributions of all countries and the support rendered to UNAMSIL.

10. Because of its size and complexity, UNAMSIL must be managed with the utmost efficiency. The European Union took note of the revised budget for the Mission proposed by the Secretary-General and the related report of ACABQ. It shared some of the Advisory Committee's concerns on operational aspects, including mission structure and management. It was concerned about whether it would be possible to recruit and deploy the requested number of additional staff within the short period of time from March to June 2001 and the impact that staffing levels might have on effectiveness. It would welcome details from the Secretariat on how it intended to tackle the problem. The difficulties experienced with "wet lease" or self-sustainment were being addressed through pre-deployment inspections carried out with the agreement of potential troop contributors. The European Union looked forward to the outcome of the overall policy review of those arrangements; in the meantime, it requested more details on whether those services had been contracted out and, if so, the effect on the efficiency and effectiveness of the Mission.

11. The European Union regretted that it must return to the issue of procurement and the related problems pointed out by the Board of Auditors, namely poor inventory management, lack of procurement planning, delay in delivery of goods and shortage of trained staff, and it would like to know what measures had been put in place to remedy the situation. Asset control was another area where the rules and regulations had been poorly applied. The Field Assets Control System had been installed, but steps must be taken to ensure that it was maintained effectively and that staff received appropriate training to address the weaknesses found by the Board of Auditors.

12. The European Union agreed with the recommendation of the Advisory Committee contained in paragraph 66 of its report (A/55/839).

13. **Ms. Merchant** (Norway) said that, in the light of recent improvements in the security situation in Sierra Leone and renewed hopes for the peace process, Norway strongly supported the Secretary-General's request for the strengthening of UNAMSIL. Not all contingents had been able to meet the requirements of self-sustainment, however, and her delegation concurred with ACABQ that the United Nations should take over responsibility for providing additional services. It should carefully review its capacity in terms of qualified personnel, and should consider the option of contracting out some of those services as appropriate. In the light of past experience, her delegation shared the doubts about whether the Mission and Headquarters had the capacity to recruit the requested number of civilian staff and put them in place before June 2001. Thus, the Secretariat should be urged to accelerate the recruitment and placement of civilian personnel. Her delegation supported the request of ACABQ that steps should be taken to ensure that the Field Assets Control System was effectively maintained and staff should be trained to address the weaknesses identified by the Board of Auditors.

14. The Disarmament, Demobilization and Reintegration (DDR) Programme was an attempt to give the Revolutionary United Front (RUF) members an alternative to armed warfare, and was essential to the process of turning RUF into a normal political party. In the view of her delegation, those efforts should be an integral part of the budget for all peace operations; pending such arrangements, it urged all countries which had pledged contributions to that Programme to honour their commitments. It supported the request of ACABQ for information on the Mission's role in the DDR Programme in the next budget submission for UNAMSIL.

15. Finally, Norway concurred with the recommendations of ACABQ contained in paragraph 66 of its report.

16. **Ms. Sun** Minqin (China) said that her Government had supported the process of peace and national reconciliation in Sierra Leone, and hoped that UNAMSIL could be strengthened appropriately and the additional resources utilized effectively.

17. With regard to paragraph 5 of the report of the Advisory Committee (A/55/839), the authorized level of troop strength was 12,740, yet as at 26 February 2001 only 9,544 troops had arrived in the field. She inquired why the additional personnel had not yet taken up their posts. Up to 31 January 2001, the Secretariat had dealt with two settlement claims, with 26 still pending, and she asked for a progress report on those claims. Finally, her delegation agreed with the Advisory Committee regarding the constant increase in travel costs. In its view, communications technology should be fully utilized in order to reduce those costs.

18. **Mr. Khyne-Sam** (Sierra Leone) expressed the appreciation and gratitude of his delegation to all those serving in UNAMSIL and to the international community for providing the resources. The peace process in Sierra Leone was at a critical stage, and he therefore appealed to all troop-contributing countries to speed up deployment of the troops they had pledged so that his country would have the opportunity to enjoy democracy and peace.

19. **Mr. Mutiso** (Finance Management and Support Services, Department of Peacekeeping Operations), replying to the questions posed by Sweden on behalf of the European Union, said that the Secretariat had been aware of the challenges it faced in staff recruitment when the expansion of the Mission had begun. Recruitment of local staff was not as difficult as international staff, of course. The Department had consulted with other agencies at Headquarters and in the field on the secondment of staff, and had adjusted the staffing request to include additional United Nations Volunteers. He believed that all required staff should be on board by 30 June 2001.

20. The local services contract had ended on 30 November 2000, and those duties had reverted to the Mission. Outsourcing was being studied but was not yet in place; in the meantime, day-to-day contracts were being used.

21. Concerning the observations of the Board of Auditors regarding the weaknesses in the Field Assets Control System, the crisis which had occurred in Sierra Leone in April 2000 had made it difficult to track assets. The Secretariat had since taken measures to identify and train qualified staff, and expected the system to run smoothly in the future. It had also instituted measures to ensure that procurement ran smoothly as well, and that qualified procurement officers were in place.

22. With regard to the level of military deployment, 10,356 personnel were on board to date, and clear commitments by contingents gave the assurance that the desired level would be reached by the end of May. Concerning high travel costs, the Mission had been expanding in various areas, and the difficulties in travel were attributable to weaknesses in training of personnel. A large portion of the training budget had been allocated for the area of travel, and he trusted that results would soon be seen in that area.

The meeting rose at 10.50 a.m.